

Statewide News Release
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Kentucky among First States to Receive Federal Dollars for Electronic Health Records

Funding to Aid Providers as They Upgrade Systems

FRANKFORT, Ky. (Jan. 6, 2011) - Kentucky is among the first four states in the country to begin receiving federal dollars from the Centers for Medicare and Medicaid Services (CMS) for electronic health records under the 2009 stimulus law. The funding – Medicaid incentive payments - will assist with the purchase or upgrade of information technology systems for health care records. Because they were the first providers to complete the federal and state application processes, the University of Kentucky (UK) Healthcare and Central Baptist Hospital in Lexington are the first hospitals in the country to receive checks provided through this funding.

UK received \$2.8 million, and Central Baptist received \$1.3 million. Twenty-five additional providers have begun the application process. Over the next four years, Kentucky is expected to receive more than \$100 million in incentive payments for hospitals to ensure that its health care community is working to implement electronic health record systems that can share and receive data as part of a statewide exchange of electronic health records. Incentives are also available for physicians and health care providers.

“Electronic health records can do so much to improve efficiency, reduce medical error and, ultimately, change the face of the American health care system,” said Governor Steve Beshear. “Being among the first states to receive the Medicaid incentive payments is evidence that Kentucky has established a structure to move these efforts forward and is truly leading the way in this nationwide effort. Kentucky providers are showing their commitment to becoming users of technology that not only stores records in a different way, but also makes it possible to exchange and receive records from other providers and health care facilities.”

According to CMS, Kentucky, Iowa, Louisiana and Oklahoma are the first states to receive the Medicaid incentive payments for the purchase and use of electronic health records (EHR) systems. The incentive program for hospitals is set to run through 2016, the year targeted for completion of a nationwide health information network.

“The incentive program is a tremendous aid to our partners in the medical community who are working with us to build a statewide electronic health care network,” said Gov. Beshear. “We’ve already made tremendous progress, but cost and technical support remain a barrier for offices and agencies

seeking to upgrade to an electronic system. This program is a tremendous help in overcoming these obstacles.”

The Office of the National Coordinator (ONC), part of the federal Health and Human Services Department, is working to set criteria for meaningful use of health information technology that hospitals and providers must meet in order to qualify for the subsidies. Specifically, recipients of the incentives must adopt, implement, upgrade or meaningfully use certified EHR technology in their first year of participation in the incentive program and successfully demonstrate meaningful use in subsequent years.

“The incentive program is helping bolster the work of our providers to implement effective electronic health record systems within their facilities – and it also ensures that facilities are using systems that can connect to a statewide network,” said Janie Miller, secretary of the Kentucky Cabinet for Health and Family Services Cabinet. “This dramatically enhances our efforts to encourage hospitals, pharmacies and medical practices to adopt systems that can communicate with one another and exchange health care information in a useful and meaningful way.” State-level application systems were developed using in-house resources.

In addition to hospitals, the incentive program is also open to physician practices. To be eligible for Medicaid incentive payments, providers must meet certain Medicaid patient volume thresholds or practice predominantly in a federally qualified health center or rural health clinic where 30 percent of the patient volume is derived from needy individuals. Although the last year to begin participating in the program is 2016, providers may receive incentive payments for up to six years; 2021 is the final year for Medicaid incentive payments.

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